

Montana

Workers' Compensation 1999 Annual Report **Executive Summary**



In Fiscal Year 1999, Montana's workforce experienced an average of 85 injuries or job related illnesses every day and the total cost to the workers' compensation system alone was \$139,568,077. The price of human suffering and lost productivity greatly magnifies this cost. Montana's Workers' Compensation System was designed to help mitigate the impact of on-the-job injuries and illnesses to workers, employers and society at large. Careful management and regulation are required to effectively meet these goals.

This Executive Summary of Montana's Workers' Compensation System was designed to give Legislators an overview of the status of workers' compensation in Montana. Information for this summary was gleaned from the workers' compensation database mandated by the 52nd Legislature. The database was established to give Montana's Governor and Legislature the information needed to successfully manage Montana's workers' compensation system. Five years of data have been collected since it came online in 1995, with an average of 32,000 First Reports of Injury submitted each year.

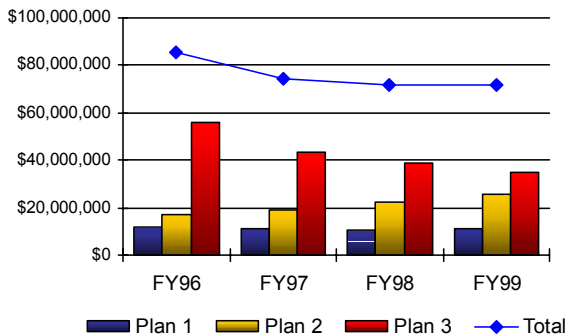
In addition to this Executive Summary for Legislators, the Department of Labor and Industry produces an annual report on the specifics of workers' compensation. The full 1999 Annual Report can be accessed through the Internet at the following website: <http://erd.dli.state.mt.us/WorkCompClaims/WCChome.htm>. Legislators desiring a hard copy of the report should call the Department of Labor & Industry, Employment Relations Division at (406) 444-6437.

We hope you find this information helpful as we proceed together to make workers' compensation fulfill its promise to Montana and its workforce. If you have questions about workers' compensation information, or if we can be of further assistance, please contact John Weida, Claims Assistance Bureau, Department of Labor & Industry (406) 444-4661.

Highlights of Fiscal Year 1999

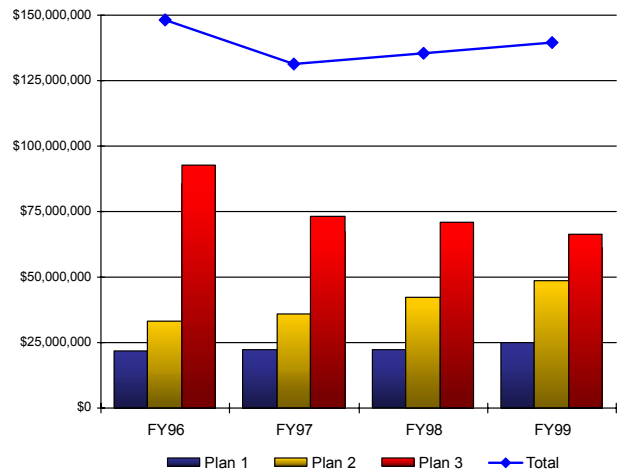
Workers' compensation benefits paid to workers have increased slightly in the last two fiscal years (FY98 and FY99). Self-insurers (Plan 1), private insurers (Plan 2), and the State Fund (Plan 3) paid out 17.8%, 34.7% and 47.5% of the benefits in FY99, respectively.

Distribution of Indemnity Payments by Plan

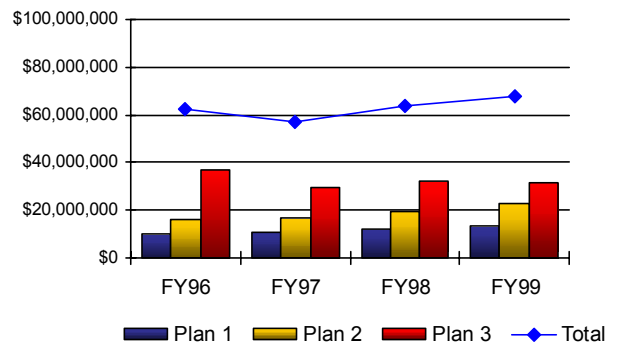


Indemnity (wage loss) benefits have remained stable, while medical payments continue to increase.

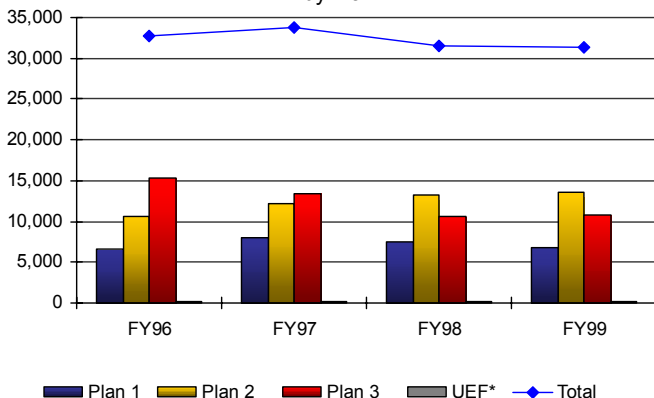
Distribution of Benefits Paid by Plan



Distribution of Medical Payments by Plan



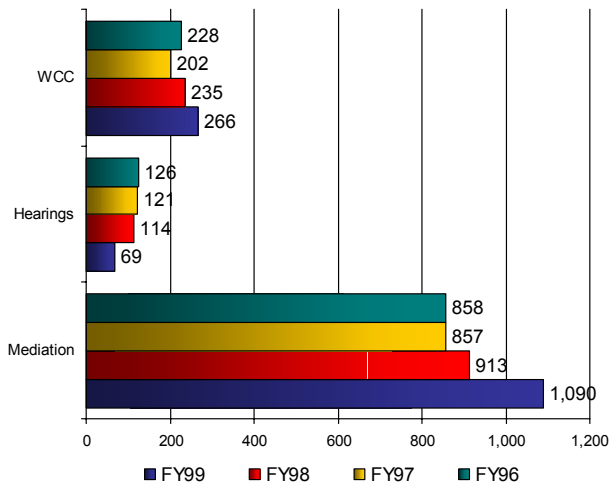
Distribution of Reported Claims by Plan



The number of reported injuries has remained static for the past four fiscal years. The service industry was responsible for 25.6% of all claims reported in FY99. The typical injured worker is a male, employed in a service industry, who has suffered a strain or sprain to an upper extremity.

*UEF means Uninsured Employer Fund

Distribution of Petitions Received



Effective April 23, 1999, a legislative change (MCA 39-72-602) altered the Occupational Disease (OD) process. Workers with OD claims with dates of injury prior to April 23, 1999, may elect to remain in the contested case process or can choose the new process with one independent examination. If there is a dispute over the compensability of an OD claim, the case now goes to Mediation (and, if necessary, Workers' Compensation Court) rather than Contested Case Hearings. The significant decrease in Hearings petitions and increase in Mediation petitions are reflective of this change.

Attorney Representation	FY96	FY97	FY98	FY99
Total Number of Claims	32,752	33,774	31,876	31,268
Claims with Representation	3.6%	3.2%	3.1%	2.8%
Claims without Representation	96.4%	96.8%	96.9%	97.2%
Approved Attorney Fee Agreements	1,195	1,080	989	874

Attorneys represented 2.8% of all workers' compensation claimants who filed claims in fiscal year 1999.

Attorney involvement increases significantly over the life of a claim. By the time an injured worker was ready to settle his or her claim, attorneys represented 51% of claims settled in FY99.

Settlements	FY96	FY97	FY98	FY99
Number of Settlement Petitions Processed	2,100	1,551	1,342	1,486
Claims Settled with Attorney Representation	1,086	832	761	764
Percent Claimants Represented by Attorney	52%	54%	57%	51%
Total Settlement Amount with Attorney Involvement	\$27,358,376	\$20,201,459	\$15,239,197	\$15,054,101
Percent Fees to Settlements	17.7%	17.0%	16.7%	16.7%

▪This information reflects settlements only and does not include advances, fees associated with biweekly compensation benefits, disputed medical benefits, court awarded fees, or lump sum payments not resulting in settlements.

•Total settlement amounts do not include annuities.

Senate Joint Resolution 15

During the 56th Legislature, some legislators raised questions about the adequacy of workers' compensation benefits for Montana workers. As a result of that discussion, legislators passed a Senate Joint Resolution requiring an interim committee to study benefit levels and report back to the 57th Legislature:

WHEREAS, since 1993, Montana's workers' compensation premium rates have decreased at a far greater pace than in the surrounding region and loss costs have been reduced by 46% since 1994; and

WHEREAS, despite the reduction in premium rates, Montana's average loss cost rates are currently 195% of the average in the region, which includes the states of Arizona, Colorado, Idaho, New Mexico, Oregon, South Dakota, and Utah; and

WHEREAS, because Montana has one of the lowest average weekly wage levels in the region, the state's maximum weekly permanent partial disability benefit of \$205.50 is one of the lowest maximum indemnity benefit amount in the region; and

WHEREAS, despite the lowest maximum permanent partial indemnity benefit level in the region, Montana pays out 86% of the regional claim payment average for each 100,000 workers; and

WHEREAS, although the frequency of permanent partial claims has decreased from 1,468 for each 100,000 workers in 1994 to 832 for each 100,000 workers in 1996, the frequency of these claims is approximately twice the regional average of 473 for each 100,000 workers; and

WHEREAS, the high frequency of claims, especially for permanent partial injury claims, may be directly related to the facts that Montana's economy is more concentrated in higher hazard employments, that the Montana economy provides fewer opportunities for alternative work or light duty once a worker is injured, and that Montana has the highest percentage of individuals holding multiple jobs, making reemployment after an injury at the same wage levels less likely.

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA:

(1) That the appropriate interim committee study the current workers' compensation benefit levels for permanent total, permanent partial, and temporary total indemnity claims and the frequency of claims for each lost time claim.

(2) That the appropriate interim committee provide a report to the 57th Legislature of the committee's recommendations on whether any adjustment of workers' compensation benefit levels is advisable and its recommendations for reducing the frequency of all injury claims, with particular focus on reducing the high number of permanent partial indemnity claims.

Montana Benefits Compared to Other States

